

RECURRING COST WORKSHEET 9.4

COST BY ACCOUNT PER AVG DS3x12 SERVICE

| | A | B | | |
|----------------------------|---------|----------|--------------------------|---------------------|
| Account Number | 211100 | 212100 | SOURCE, Col. A, B | |
| Account Description | LAND | BUILDING | | |
| Cost Factors | | | | |
| 1 Net Plant | 1.0000 | 1.0000 | Accounted for in RIT | |
| 2 FCC RIT | 0.1614 | 0.1165 | 1992 Company Study | |
| 3 St/Fed Tax as a % of RIT | 28.35% | 28.35% | 1992 Company Study | |
| 4 Cost of Money | 0.1156 | 0.0835 | Ln 1 * Ln 2 * (1 - Ln 3) | |
| 5 State & Fed Taxes | 0.0458 | 0.0330 | Ln 1 * Ln 2 * Ln 3 | |
| 6 Depreciation | 0.0000 | 0.0290 | 1992 Company Study | |
| 7 Repair and Maintenance | 0.0000 | 0.0261 | 1992 Company Study | |
| 8 Administration | 0.0466 | 0.0466 | 1992 Company Study | |
| 9 Marketing | 0.0110 | 0.0110 | 1992 Company Study | |
| 10 Other Taxes | 0.0083 | 0.0083 | Total (A+B) | |
| 11 Overhead | 0.0287 | 0.0287 | | |
| 12 Gross Investment | \$1,217 | \$14,206 | \$15,422 | Pacific Bell Study |
| Annual Cost | | | | |
| 13 Cost of Money | \$141 | \$1,186 | \$1,326 | Ln 4 * Ln 12 |
| 14 State & Fed Taxes | \$56 | \$469 | \$525 | Ln 5 * Ln 12 |
| 15 Depreciation | \$0 | \$412 | \$412 | Ln 6 * Ln 12 |
| 16 Repair and Maintenance | \$0 | \$371 | \$371 | Ln 7 * Ln 12 |
| 17 Administration | \$57 | \$662 | \$719 | Ln 8 * Ln 12 |
| 18 Marketing | \$13 | \$156 | \$170 | Ln 9 * Ln 12 |
| 19 Other Taxes | \$10 | \$118 | \$128 | Ln 10 * Ln 12 |
| 20 Subtotal of Expenses | \$277 | \$3,374 | \$3,650 | Sum (Ln 13...Ln 19) |
| 21 Overhead | \$35 | \$408 | \$443 | Ln 11 * Ln 12 |
| 22 Total Annual Costs | \$311 | \$3,782 | \$4,093 | Ln 20 + Ln 21 |

RECURRING COST WORKSHEET 9.5

COST BY ACCOUNT PER AVG DS3x12 SERVICE

| | | A | B | | |
|-------------------------------------|--|------------|------------|-------------|--------------------------|
| Account Number | | | 223210 | | SOURCE, Col. A, B |
| Account Description | | DIGITAL EQ | DIGITAL EQ | | |
| Cost Factors | | C0 | REMOTE | | |
| 1 Net Plant | | 1.0000 | 1.0000 | | Accounted for in RIT |
| 2 FCC RIT | | 0.0839 | 0.0839 | | 1992 Company Study |
| 3 St/Fed Tax as a % of RIT | | 28.35% | 28.35% | | 1992 Company Study |
| 4 Cost of Money | | 0.0601 | 0.0601 | | Ln 1 * Ln 2 * (1 - Ln 3) |
| 5 State & Fed Taxes | | 0.0238 | 0.0238 | | Ln 1 * Ln 2 * Ln 3 |
| 6 Depreciation | | 0.1429 | 0.1429 | | 1992 Company Study |
| 7 Repair and Maintenance | | 0.0143 | 0.0143 | | 1992 Company Study |
| 8 Administration | | 0.0466 | 0.0466 | | 1992 Company Study |
| 9 Marketing | | 0.0110 | 0.0110 | | 1992 Company Study |
| 10 Other Taxes | | 0.0083 | 0.0083 | | 1992 Company Study |
| 11 Overhead | | 0.0287 | 0.0287 | | 1992 Company Study |
| | | | | Total (A+B) | |
| 12 Gross Current Investment | | \$133,730 | \$102,289 | \$236,020 | Pacific Bell Study |
| 13 Equivalent Gross Book Investment | | \$106,728 | \$92,570 | | Line 10/ cc/bc ratio |
| Annual Cost | | | | | |
| 14 Cost of Money | | \$8,039 | \$6,149 | \$14,188 | Ln 4 * Ln 12 |
| 15 State & Fed Taxes | | \$3,181 | \$2,433 | \$5,614 | Ln 5 * Ln 12 |
| 16 Depreciation | | \$19,104 | \$14,613 | \$33,717 | Ln 6 * Ln 12 |
| 17 Repair and Maintenance | | \$1,912 | \$1,463 | \$3,375 | Ln 7 * Ln 12 |
| 18 Administration | | \$4,974 | \$4,314 | \$9,287 | Ln 8 * Ln 13 |
| 19 Marketing | | \$1,174 | \$1,018 | \$2,192 | Ln 9 * Ln 13 |
| 20 Other Taxes | | \$886 | \$768 | \$1,654 | Ln 10 * Ln 13 |
| 21 Subtotal of Expenses | | \$39,270 | \$30,758 | \$70,028 | Sum (Ln 14...Ln 20) |
| 22 Overhead | | \$3,063 | \$2,657 | \$5,720 | Ln 9 * Ln 11 |
| Total Annual Costs | | | | | |
| | | \$42,333 | \$33,415 | \$75,748 | Ln 17 + Ln 18 |

PACIFIC BELL DATA RESPONSE
SECTION 10

RECURRING COST SUMMARY, Avg DS3x12 Service 5 yr Term

| | DS3x12 Electrical | DS3x3 Optical | |
|---------------------------------|--------------------------|----------------------|---|
| 1 Gross Investment | \$252,699 | \$161,775 | See Investment Summary, pg 9.2 |
| Annual Cost | | | |
| 2 Cost of Money | \$15,822 | \$8,676 | See Col C , Reccurring Cost Worksheets, Sum by item |
| 3 State & Fed Taxes | \$6,260 | \$3,433 | See Col C , Reccurring Cost Worksheets, Sum by item |
| 4 Depreciation | \$31,503 | \$14,521 | See Col C , Reccurring Cost Worksheets, Sum by item |
| 5 Repair and Maintenance | \$3,464 | \$1,764 | See Col C , Reccurring Cost Worksheets, Sum by item |
| 6 Administration | \$10,255 | \$5,834 | See Col C , Reccurring Cost Worksheets, Sum by item |
| 7 Marketing | \$2,421 | \$1,377 | See Col C , Reccurring Cost Worksheets, Sum by item |
| 8 Other Taxes | \$1,826 | \$1,039 | See Col C , Reccurring Cost Worksheets, Sum by item |
| 9 Subtotal of Expenses | \$71,551 | \$36,644 | Sum(Ln 2...Ln 8) |
| 10 Overhead | \$6,316 | \$3,593 | See Col C , Reccurring Cost Worksheets, Sum by item |
| 11 Total Annual Cost | \$77,867 | \$40,237 | Ln 9 + Ln 10 |
| 12 Monthly Cost | \$6,488.90 | \$3,353.11 | Ln 11/12 |
| 13 Direct Cost | \$5,962.60 | \$3,053.71 | Ln 9/12 |
| 14 Monthly Rate | \$9,000.00 | \$6,600.00 | Avg Recurring Revenue Worksheet 2.1, Col C |
| 15 Overhead Factor | 1.51 | 2.16 | Ln 14/ Ln 13 |

INVESTMENT SUMMARY

DS3x12 Service, 5 yr

Investment Summary by Rate Element

| Investment by Account* | Chan Term | Mileage Fixed (wtd) | Mileage | Account Total Sum by row |
|--------------------------------------|------------------|--------------------------------|----------------|-------------------------------------|
| 1 Digital Eq CO (Account 223210) | \$118,871 | \$0 | \$0 | \$118,871 |
| 2 Digital Eq Remote (Account 223210) | \$90,924 | \$0 | \$0 | \$90,924 |
| 3 Land (Account 211100) | \$1,082 | \$0 | \$0 | \$1,082 |
| 4 Building (Account 212100) | \$12,627 | \$0 | \$0 | \$12,627 |
| 5 Fiber (Account 242212) | \$23,800 | \$0 | \$0 | \$23,800 |
| 6 Conduit (Account 244149) | \$5,395 | \$0 | \$0 | \$5,395 |
| TOTAL | \$252,699 | \$0 | \$0 | \$252,699 |
| TOTAL Optical (w/o Remote EQ) | \$161,775 | \$0 | \$0 | \$161,775 |

*Identified by Pacific Bell Investent studies

Note: Interoffice Mileage is not offered with DS3x12

RECURRING COST WORKSHEET 10.3

COST BY ACCOUNT PER AVG DS3x12 SERVICE

| | A | B | C | |
|----------------------------|---------|----------|-------------|--------------------------|
| Account Number | 244149 | 242212 | | SOURCE, Col. A, B |
| Account Description | CONDUIT | FIBER | | |
| Cost Factors | | | | |
| 1 Net Plant | 1.0000 | 1.0000 | | Accounted for in RIT |
| 2 FCC RIT | 0.1033 | 0.0957 | | 1992 Company Study |
| 3 St/Fed Tax as a % of RIT | 0.2835 | 0.2835 | | 1992 Company Study |
| 4 Cost of Money | 0.0740 | 0.0686 | | Ln 1 * Ln 2 * (1 - Ln 3) |
| 5 State & Fed Taxes | 0.0293 | 0.0271 | | Ln 1 * Ln 2 * Ln 3 |
| 6 Depreciation | 0.0220 | 0.0440 | | 1992 Company Study |
| 7 Repair and Maintenance | 0.00113 | 0.0054 | | 1992 Company Study |
| 8 Administrative | 0.0466 | 0.0466 | | 1992 Company Study |
| 9 Marketing | 0.0110 | 0.0110 | | 1992 Company Study |
| 10 Other Taxes | 0.0083 | 0.0083 | | 1992 Company Study |
| 11 Overhead | 0.0287 | 0.0287 | Total (A+B) | 1992 Company Study |
| 12 Gross Investment | \$5,395 | \$23,800 | \$29,195 | Pacific Bell Study |
| Annual Cost | | | | |
| 13 Cost of Money | \$399 | \$1,632 | \$2,031 | Ln 4 * Ln 12 |
| 14 State & Fed Taxes | \$158 | \$646 | \$804 | Ln 5 * Ln 12 |
| 15 Depreciation | \$119 | \$1,047 | \$1,166 | Ln 6 * Ln 12 |
| 16 Repair and Maintenance | \$6 | \$129 | \$135 | Ln 7 * Ln 12 |
| 17 Administration | \$251 | \$1,109 | \$1,360 | Ln 8 * Ln 12 |
| 18 Marketing | \$59 | \$262 | \$321 | Ln 9 * Ln 12 |
| 19 Other Taxes | \$45 | \$198 | \$242 | Ln 10 * Ln 12 |
| 20 Subtotal of Expenses | \$1,038 | \$5,022 | \$6,059 | Sum (Ln 13...Ln 19) |
| 21 Overhead | \$155 | \$683 | \$838 | Ln 11 * Ln 12 |
| 22 Total Annual Costs | \$1,192 | \$5,705 | \$6,897 | Ln 20 + Ln 21 |

10.3

RECURRING COST WORKSHEET 10.4

COST BY ACCOUNT PER AVG DS3x12 SERVICE

| | A | B | | |
|----------------------------|---------|----------|-------------|--------------------------|
| Account Number | 211100 | 212100 | | SOURCE, Col. A, B |
| Account Description | LAND | BUILDING | | |
| Cost Factors | | | | |
| 1 Net Plant | 1.0000 | 1.0000 | | Accounted for in RIT |
| 2 FCC RIT | 0.1614 | 0.1165 | | 1992 Company Study |
| 3 St/Fed Tax as a % of RIT | 28.35% | 28.35% | | 1992 Company Study |
| 4 Cost of Money | 0.1156 | 0.0835 | | Ln 1 * Ln 2 * (1 - Ln 3) |
| 5 State & Fed Taxes | 0.0458 | 0.0330 | | Ln 1 * Ln 2 * Ln 3 |
| 6 Depreciation | 0.0000 | 0.0290 | | 1992 Company Study |
| 7 Repair and Maintenance | 0.0000 | 0.0261 | | 1992 Company Study |
| 8 Administration | 0.0466 | 0.0466 | | 1992 Company Study |
| 9 Marketing | 0.0110 | 0.0110 | | 1992 Company Study |
| 10 Other Taxes | 0.0083 | 0.0083 | Total (A+B) | |
| 11 Overhead | 0.0287 | 0.0287 | | |
| 12 Gross Investment | \$1,082 | \$12,627 | \$13,709 | Pacific Bell Study |
| Annual Cost | | | | |
| 13 Cost of Money | \$125 | \$1,054 | \$1,179 | Ln 4 * Ln 12 |
| 14 State & Fed Taxes | \$49 | \$417 | \$467 | Ln 5 * Ln 12 |
| 15 Depreciation | \$0 | \$366 | \$366 | Ln 6 * Ln 12 |
| 16 Repair and Maintenance | \$0 | \$330 | \$330 | Ln 7 * Ln 12 |
| 17 Administration | \$50 | \$588 | \$639 | Ln 8 * Ln 12 |
| 18 Marketing | \$12 | \$139 | \$151 | Ln 9 * Ln 12 |
| 19 Other Taxes | \$9 | \$105 | \$114 | Ln 10 * Ln 12 |
| 20 Subtotal of Expenses | \$246 | \$2,999 | \$3,245 | Sum (Ln 13...Ln 19) |
| 21 Overhead | \$31 | \$362 | \$393 | Ln 11 * Ln 12 |
| 22 Total Annual Costs | \$277 | \$3,361 | \$3,638 | Ln 20 + Ln 21 |

RECURRING COST WORKSHEET 10.5

COST BY ACCOUNT PER AVG DS3x12 SERVICE

| | | A | | B | | SOURCE, Col. A, B |
|--------------------|----------------------------------|------------|----|----------------------|-----------|--------------------------|
| Account Number | Account Description | DIGITAL EQ | C0 | 223210 DIGITAL EQ | REMOTE | |
| Cost Factors | | | | | | |
| 1 | Net Plant | 1.0000 | | 1.0000 | | Accounted for in RIT |
| 2 | FCC RIT | 0.0839 | | 0.0839 | | 1992 Company Study |
| 3 | St/Fed Tax as a % of RIT | 28.35% | | 28.35% | | 1992 Company Study |
| 4 | Cost of Money | 0.0601 | | 0.0601 | | Ln 1 * Ln 2 * (1 - Ln 3) |
| 5 | State & Fed Taxes | 0.0238 | | 0.0238 | | Ln 1 * Ln 2 * Ln 3 |
| 6 | Depreciation | 0.1429 | | 0.1429 | | 1992 Company Study |
| 7 | Repair and Maintenance | 0.0143 | | 0.0143 | | 1992 Company Study |
| 8 | Administration | 0.0466 | | 0.0466 | | 1992 Company Study |
| 9 | Marketing | 0.0110 | | 0.0110 | | 1992 Company Study |
| 10 | Other Taxes | 0.0083 | | 0.0083 | | 1992 Company Study |
| 11 | Overhead | 0.0287 | | 0.0287 | | 1992 Company Study |
| Total (A+B) | | | | | | |
| 12 | Gross Current Investment | \$118,871 | | \$90,924 | \$209,795 | Pacific Bell Study |
| 13 | Equivalent Gross Book Investment | \$94,869 | | \$82,284 | | Line 10/ cc/bc ratio |
| Annual Cost | | | | | | |
| 14 | Cost of Money | \$7,146 | | \$5,466 | \$12,612 | Ln 4 * Ln 12 |
| 15 | State & Fed Taxes | \$2,827 | | \$2,163 | \$4,990 | Ln 5 * Ln 12 |
| 16 | Depreciation | \$16,982 | | \$12,989 | \$29,971 | Ln 6 * Ln 12 |
| 17 | Repair and Maintenance | \$1,700 | | \$1,300 | \$3,000 | Ln 7 * Ln 12 |
| 18 | Administration | \$4,421 | | \$3,834 | \$8,255 | Ln 8 * Ln 13 |
| 19 | Marketing | \$1,044 | | \$905 | \$1,949 | Ln 9 * Ln 13 |
| 20 | Other Taxes | \$787 | | \$683 | \$1,470 | Ln 10 * Ln 13 |
| 21 | Subtotal of Expenses | \$34,907 | | \$27,340 | \$62,247 | Sum (Ln 14...Ln 20) |
| 22 | Overhead | \$2,723 | | \$2,362 | \$5,084 | Ln 9 * Ln 11 |
| Total Annual Costs | | \$37,629 | | \$29,702 | \$67,331 | Ln 17 + Ln 18 |

10.5

**PACIFIC BELL DATA RESPONSE
SECTION 11**

RECURRING COST SUMMARY, Avg DS1 Service

DS1 Service

| | | |
|-----------------------------|----------------|---|
| 1 Gross Investment | \$5,337 | See Investment Summary, pg 11.2 |
| Annual Cost | | |
| 2 Cost of Money | \$341 | See Col C , Reccurring Cost Worksheets, Sum by item |
| 3 State & Fed Taxes | \$135 | See Col C , Reccurring Cost Worksheets, Sum by item |
| 4 Depreciation | \$601 | See Col C , Reccurring Cost Worksheets, Sum by item |
| 5 Repair and Maintenance | \$73 | See Col C , Reccurring Cost Worksheets, Sum by item |
| 6 Administration | \$215 | See Col C , Reccurring Cost Worksheets, Sum by item |
| 7 Marketing | \$51 | See Col C , Reccurring Cost Worksheets, Sum by item |
| 8 Other Taxes | \$38 | See Col C , Reccurring Cost Worksheets, Sum by item |
| 9 Subtotal of Expenses | \$1,454 | Sum(Ln 2...Ln 8) |
| 10 Overhead | \$133 | See Col C , Reccurring Cost Worksheets, Sum by item |
| 11 Total Annual Cost | \$1,587 | Ln 9 + Ln 10 |
| 12 Monthly Cost | \$132.26 | Ln 11/12 |
| 13 Direct Cost | \$121.20 | Ln 9/12 |
| 14 Monthly Rate | \$277.00 | Avg Recurring Revenue Worksheet 2.1, Col C |
| 15 Overhead Factor | 2.29 | Ln 14/ Ln 13 |

INVESTMENT SUMMARY

DS1 Service

Investment Summary by Rate Element

| Investment by Account* | Chan Term | Mileage Fixed (wtd) | Mileage | Account Total Sum by row |
|-------------------------------|------------------|--------------------------------|----------------|-------------------------------------|
| 1 Digital Eq (Account 223210) | \$2,257 | \$776 | \$407 | \$3,440 |
| 2 NCTE (Account 236210) | \$220 | \$0 | \$0 | \$220 |
| 3 Land (Account 211100) | \$10 | \$7 | \$4 | \$21 |
| 4 Building (Account 212100) | \$120 | \$82 | \$43 | \$245 |
| 5 Fiber (Account 242212) | \$866 | \$0 | \$182 | \$1,048 |
| 6 Copper (Account 242211) | \$106 | \$0 | \$0 | \$106 |
| 7 Conduit (Account 244149) | \$216 | \$0 | \$41 | \$257 |
| 8 TOTAL | \$3,795 | \$865 | \$677 | \$5,337 |

*Identified by Pacific Bell Investent studies

RECURRING COST WORKSHEET 11.3

COST BY ACCOUNT PER AVG DS1 SERVICE

| | A | B | C | SOURCE, Col. A, B, C |
|----------------------------|---------|---------|--------|--------------------------------|
| Account Number | 244149 | 242212 | 242211 | |
| Account Description | CONDUIT | FIBER | COPPER | |
| Cost Factors | | | | |
| 1 Net Plant | 1.0000 | 1.0000 | 1.0000 | Accounted for in RIT |
| 2 FCC RIT | 0.1033 | 0.0957 | 0.0957 | 1992 Company Study |
| 3 St/Fed Tax as a % of RIT | 0.2835 | 0.2835 | 0.2835 | 1992 Company Study |
| 4 Cost of Money | 0.0740 | 0.0686 | 0.0686 | Ln 1 * Ln 2 * (1 - Ln 3) |
| 5 State & Fed Taxes | 0.0293 | 0.0271 | 0.0271 | Ln 1 * Ln 2 * Ln 3 |
| 6 Depreciation | 0.0220 | 0.0440 | 0.0440 | 1992 Company Study |
| 7 Repair and Maintenance | 0.00113 | 0.0054 | 0.0217 | 1992 Company Study |
| 8 Administrative | 0.0466 | 0.0466 | 0.0466 | 1992 Company Study |
| 9 Marketing | 0.0110 | 0.0110 | 0.0110 | 1992 Company Study |
| 10 Other Taxes | 0.0083 | 0.0083 | 0.0083 | 1992 Company Study |
| 11 Overhead | 0.0287 | 0.0287 | 0.0287 | Total (A+B) 1992 Company Study |
| 12 Gross Investment | \$257 | \$1,048 | \$106 | \$1,411 Pacific Bell Study |
| Annual Cost | | | | |
| 13 Cost of Money | \$19 | \$72 | \$7 | \$98 Ln 4 * Ln 12 |
| 14 State & Fed Taxes | \$8 | \$28 | \$3 | \$39 Ln 5 * Ln 12 |
| 15 Depreciation | \$6 | \$46 | \$5 | \$56 Ln 6 * Ln 12 |
| 16 Repair and Maintenance | \$0 | \$6 | \$2 | \$8 Ln 7 * Ln 12 |
| 17 Administration | \$12 | \$49 | \$5 | \$66 Ln 8 * Ln 12 |
| 18 Marketing | \$3 | \$12 | \$1 | \$16 Ln 9 * Ln 12 |
| 19 Other Taxes | \$2 | \$9 | \$1 | \$12 Ln 10 * Ln 12 |
| 20 Subtotal of Expenses | \$49 | \$221 | \$24 | \$295 Sum (Ln 13...Ln 19) |
| 21 Overhead | \$7 | \$30 | \$3 | \$40 Ln 11 * Ln 12 |
| | | | | \$0 |
| 22 Total Annual Costs | \$57 | \$251 | \$27 | \$335 Ln 20 + Ln 21 |

RECURRING COST WORKSHEET 11.4

COST BY ACCOUNT PER AVG DS1 SERVICE

| | A | B | |
|----------------------------|--------|----------|--------------------------|
| Account Number | 211100 | 212100 | SOURCE, Col. A, B |
| Account Description | LAND | BUILDING | |
| Cost Factors | | | |
| 1 Net Plant | 1.0000 | 1.0000 | Accounted for in RIT |
| 2 FCC RIT | 0.1614 | 0.1165 | 1992 Company Study |
| 3 St/Fed Tax as a % of RIT | 28.35% | 28.35% | 1992 Company Study |
| 4 Cost of Money | 0.1156 | 0.0835 | Ln 1 * Ln 2 * (1 - Ln 3) |
| 5 State & Fed Taxes | 0.0458 | 0.0330 | Ln 1 * Ln 2 * Ln 3 |
| 6 Depreciation | 0.0000 | 0.0290 | 1992 Company Study |
| 7 Repair and Maintenance | 0.0000 | 0.0261 | 1992 Company Study |
| 8 Administration | 0.0466 | 0.0466 | 1992 Company Study |
| 9 Marketing | 0.0110 | 0.0110 | 1992 Company Study |
| 10 Other Taxes | 0.0083 | 0.0083 | Total (A+B) |
| 11 Overhead | 0.0287 | 0.0287 | |
| 12 Gross Investment | \$21 | \$245 | \$266 Pacific Bell Study |
| Annual Cost | | | |
| 13 Cost of Money | \$2 | \$20 | \$23 Ln 4 * Ln 12 |
| 14 State & Fed Taxes | \$1 | \$8 | \$9 Ln 5 * Ln 12 |
| 15 Depreciation | \$0 | \$7 | \$7 Ln 6 * Ln 12 |
| 16 Repair and Maintenance | \$0 | \$6 | \$6 Ln 7 * Ln 12 |
| 17 Administration | \$1 | \$11 | \$12 Ln 8 * Ln 12 |
| 18 Marketing | \$0 | \$3 | \$3 Ln 9 * Ln 12 |
| 19 Other Taxes | \$0 | \$2 | \$2 Ln 10 * Ln 12 |
| 20 Subtotal of Expenses | \$5 | \$58 | \$63 Sum (Ln 13...Ln 19) |
| 21 Overhead | \$1 | \$7 | \$8 Ln 11 * Ln 12 |
| 22 Total Annual Costs | \$5 | \$65 | \$71 Ln 20 + Ln 21 |

11.4

RECURRING COST WORKSHEET 11.5

COST BY ACCOUNT PER AVG DS1

| | A | | B | | SOURCE, Col. A, B |
|-------------------------------------|------------|--|--------------|---------|--------------------------|
| Account Number | 223210 | | 236210 | | |
| Account Description | DIGITAL EQ | | NETWORK TERM | | |
| | C0 | | EQUIP | | |
| Cost Factors | | | | | |
| 1 Net Plant | 1.0000 | | 1.0000 | | Accounted for in RIT |
| 2 FCC RIT | 0.0839 | | 0.0864 | | 1992 Company Study |
| 3 St/Fed Tax as a % of RIT | 28.35% | | 28.35% | | 1992 Company Study |
| 4 Cost of Money | 0.0601 | | 0.0619 | | Ln 1 * Ln 2 * (1 - Ln 3) |
| 5 State & Fed Taxes | 0.0238 | | 0.0245 | | Ln 1 * Ln 2 * Ln 3 |
| 6 Depreciation | 0.1429 | | 0.2070 | | 1992 Company Study |
| 7 Repair and Maintenance | 0.0143 | | 0.0404 | | 1992 Company Study |
| 8 Administration | 0.0466 | | 0.0466 | | 1992 Company Study |
| 9 Marketing | 0.0110 | | 0.0110 | | 1992 Company Study |
| 10 Other Taxes | 0.0083 | | 0.0083 | | 1992 Company Study |
| 11 Overhead | 0.0287 | | 0.0287 | | 1992 Company Study |
| | | | Total (A+B) | | |
| 12 Gross Current Investment | \$3,440 | | \$220 | \$3,660 | Pacific Bell Study |
| 13 Equivalent Gross Book Investment | \$2,746 | | \$199 | | Line 10/ cc/bc ratio |
| Annual Cost | | | | | |
| 14 Cost of Money | \$207 | | \$14 | \$220 | Ln 4 * Ln 12 |
| 15 State & Fed Taxes | \$82 | | \$5 | \$87 | Ln 5 * Ln 12 |
| 16 Depreciation | \$491 | | \$46 | \$537 | Ln 6 * Ln 12 |
| 17 Repair and Maintenance | \$49 | | \$9 | \$58 | Ln 7 * Ln 12 |
| 18 Administration | \$128 | | \$9 | \$137 | Ln 8 * Ln 13 |
| 19 Marketing | \$30 | | \$2 | \$32 | Ln 9 * Ln 13 |
| 20 Other Taxes | \$23 | | \$2 | \$24 | Ln 10 * Ln 13 |
| 21 Subtotal of Expenses | \$1,010 | | \$87 | \$1,097 | Sum (Ln 14...Ln 20) |
| 22 Overhead | \$79 | | \$6 | \$85 | Ln 9 * Ln 11 |
| Total Annual Costs | \$1,089 | | \$92 | \$1,181 | Ln 17 + Ln 18 |

11.5